

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 86
(For Candidates admitted during the academic year 2015 – 2016 and thereafter)

SUBJECT CODE: 15EC/PC/MI14

M.A. DEGREE EXAMINATION NOVEMBER 2016
BRANCH III – ECONOMICS
FIRST SEMESTER

COURSE : CORE
PAPER : MICRO ECONOMIC ANALYSIS - I
TIME : 3 HOURS

MAX.MARKS: 100

SECTION – A

I. ANSWER ANY FIVE QUESTIONS. (5X8=40)

1. Why is marginal analysis important in Economics?
2. Explain how the revealed preference approach is superior to Hicksian ordinal utility approach?
3. Illustrate marginal product of labour, average product of labour, marginal rate of substitution with Cobb-Douglas production function.
4. What are ridge lines? What do the upper and lower ridge lines imply?
5. Draw AVC, ATC and MC curves in the short-run. Justify the shape of these curves.
6. Distinguish between excess capacity and reserve capacity. Explain the distinction with the help of diagrams.
7. Compare the characteristics of perfect competition and monopoly.

SECTION – B

II. ANSWER ANY THREE QUESTIONS. (3X20=60)

8. Briefly portray the recent developments in demand theory. Critically examine the revision of demand theory.
9. What are production laws? Illustrate the law of variable proportions. How does it differ from returns to scale?
10. Explain the derivation of long-run costs from short-run cost curves. Why long-run average cost curve is called planning curve?
11. What are the necessary conditions for price discrimination? Elaborate different types of price discrimination.
12. List out the assumptions of monopolistic competition. Elucidate the equilibrium with:
 - (a) New firms entering industry.
 - (b) Price competition.
 - (c) Price competition and free entry.
